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Greetings

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Year End Dairy Stocks To Be Near 1965 Levels

The Dairy Situation, Economic Research Service, USDA, November, 1966

Storage stocks of dairy products on October 1 were estimated at 5.840 million pounds milk equivalent nearly 2 billion pounds below a year earlier. The decline is due entirely to the drop of USDA stocks of butter and cheese to negligible levels. Stocks of dairy products in commercial hands were 5,821 million pounds, up 10.8 percent from a year earlier, due chiefly to larger commercial holdings of butter. In late 1965, butter distributors bought 35 million pounds of butter from USDA stocks to supplement their low supplies. This fall USDA has no supplies of butter, so commercial holdings above 1965 levels were accumulated to meet commercial requirements during the fall low production season. October 1 stocks of American cheese — all in commercial hands — were 330 million pounds, down 2 percent from a year earlier. Holdings of other cheese were 51 million pounds, up 11 percent.

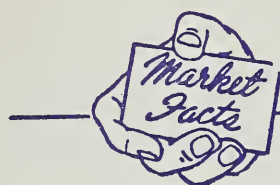
During October-December, stocks of dairy products are expected to continue below a year earlier, declining seasonally to about 4.3 billion pounds milk equivalent at the end

of the year compared with 4.5 billion a year earlier. With only moderate gains in milk output, year-end 1967 stocks are likely to continue low but to be above the 1966 year-end level, because of probable gains in commercial holdings of cheese and because CCC buying of butter and cheese may result in small USDA stocks.

Storage stocks of dairy products rose less than average from the first quarter of 1966 to the third quarter peak. Fourth quarter withdrawals from stocks likely will be less than average because there are practically no CCC stocks from which supplies can be withdrawn for program use. Commercial withdrawals from stocks are expected to be above average because of the relatively low levels of milk production and high level of commercial demand.

Year-end butter stocks may be near last year's level of 52 million pounds, but American cheese stocks likely will be up from last year's 270 million pounds because of substantial second-half production gains. Stocks

(Continued on Back Page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$5.80	\$5.85	\$4.90
Class I (3.5%)	5.79	5.87	4.79
Class II (3.5%)	3.99	4.02	3.36
Producer Butterfat Differential for each one-tenth percent	9.5¢	9.6¢	8.0¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	86.8	85.5	87.6
Percent of Producer Butterfat in Class I	79.1	78.1	82.6
Percent of Producer Milk in Class II	13.2	14.5	12.4
Percent of Producer Butterfat in Class II	20.9	21.9	17.4

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	40,934,182	42,216,938	43,731,417
Average Daily Class I Producer Milk	1,364,473	1,361,837	1,320,470
Total Number of Producers	1,497	1,501	1,642
Average Daily Receipts per Producer	912	907	888
Average Butterfat Test	3.87	3.80	3.79
Total Value of Producer Milk at Test	\$2,393,975	\$2,462,290	\$2,113,313
Income per Producer (7 Day Average)	\$373	\$370	\$300

GROSS CLASS USE (Pounds)

Class I Skim	34,297,466	34,834,329	36,956,531
Class I Butterfat	1,253,858	1,252,053	1,369,401
Class I Milk	35,551,324	36,086,382	38,325,932
Class II Skim	5,051,871	5,778,453	5,116,399
Class II Butterfat	330,985	352,102	289,084
Class II Milk	5,382,856	6,130,555	5,405,483

AVERAGE DAILY SALES (Quarts)

Milk	429,938	424,875	453,102
Buttermilk	5,369	5,727	5,995
Chocolate	30,534	32,085	32,647
Skim	11,758	11,935	13,614
Cream	8,174	7,607	10,179

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ NOV., 1957 - '66

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1957	23,847,569	3.92	85.3	7.8	2.9	4.0	4.37	4.504	4.104	4.004	3.081	1,882	422
1958	23,091,764	3.89	88.1	7.9	1.3	2.7	4.37	4.434	4.034	3.934	2.887	1,729	445
1959	25,350,698	4.00	90.6	6.6	1.3	1.5	5.11	4.696	4.296	3.927	3.228	1,693	499
1960	27,083,211	3.94	85.9	6.7	1.5	5.9	4.94	4.611	4.211	4.004	3.135	1,566	577
1961	29,409,401	3.91	82.2	6.7	2.2	8.9	4.77	4.505	4.105	3.876	3.250	1,312	747
1962	34,279,707	3.89	78.4	6.4	2.4	12.8	4.50	4.28	3.861	3.665	3.039	1,336	855
1963	36,416,781	3.86	83.0	7.3	2.0	7.7	4.73	4.46	4.044	3.736	3.084	1,369	887
1964	42,429,124	3.86	84.2	15.8	—	—	4.70	4.62	3.29	—	—	1,686	839
1965	43,731,417	3.79	87.6	12.4	—	—	4.90	4.79	3.36	—	—	1,642	888
1966	40,934,182	3.87	86.8	13.2	—	—	5.80	5.79	3.99	—	—	1,497	912

Retail Dairy Prices Up Sharply

The Dairy Situation, Economic Research Service, USDA, November, 1966

The index of retail dairy product prices rose sharply in the third quarter after averaging about 3 percent higher than a year earlier during January-June. Though the dairy product price rise from a year earlier was 10.2 percent while that of all food was 5.4 percent, the September retail price index for dairy products (Bureau of Labor Statistics) at 116.0 (1957-59—100), was above the 115.6 for all food. For January-September retail dairy prices averaged 5 percent above the same period of 1965. For the entire year, prices likely will be up about 6 percent from 1965 and 12 percent above the 1957-59 average. This is the first year

since 1951 and 1952 that retail dairy prices have risen substantially

For 1967, retail prices of dairy products likely will average above 1966, but the rise will be less than this year. A higher level of farm prices in the first half of the year and rising distribution costs will contribute to the increase.

Fresh fluid milk is the most important dairy item in the consumer's market basket. Its retail price at stores in September was up about 8.4 percent from September 1965. Fresh skim milk was up 9.1 percent. Largest September price rises from a year earlier among dairy products

were the 16.4 percent for butter and 17.0 percent for American processed cheese (sliced in 1/2 pound packages). Prices of ice cream (1/2 gallons at stores) were up 6.1 percent.

Retail prices of fluid products likely will be rising in the last quarter of 1966 in response to high farm and wholesale prices during the fall period of seasonally low production. However, retail prices of butter likely will decline due to wholesale price declines. Only minor changes are likely to occur in first quarter of 1967, but retail prices likely will decline seasonally in the second quarter in response to rising dairy supplies.

Utilization of Milk Marketed by Farmers

The Dairy Situation, Economic Research Service, USDA, November, 1966

Dairy farmers are expected to market about 116.2 billion pounds of milk in 1966, 3 billion pounds less than in 1965. Marketings are expected to drop less than total production because of the continued decline in milk used on farms where produced.

Although the total amount of milk used in fluid products is expected to increase only slightly in 1966, an estimated 49 percent of marketings will be used as fluid products, compared to about 47 percent in 1965 and 46 percent in 1964. The increased proportion used in the higher valued fluid purposes is due to somewhat larger estimated total sales of fluid

milk products and declining milk production.

Butter production, which tends to be the balancing item between supply and utilization, changes more than total milk marketings. About 21 percent of marketings will likely be used in producing butter in 1966, compared with 26 percent in 1964. Total milk equivalent used in making butter is expected to decline 4 billion pounds in 1966 — butter production is estimated down about 14 percent from 1,323 million pounds in 1965. Paralleling the drop in butter production, 1966 nonfat dry milk output likely will be down about 20 percent

from 1965. Milk used in most other major manufactured dairy products is estimated to increase this year, requiring a larger proportion of milk marketings.

In 1967, marketings are expected to increase in line with milk production. Total fluid milk sales are forecast to increase somewhat less in 1967 than in 1966 because of higher retail prices. So larger expected farm marketings in 1967 will likely result in use of more milk for manufactured dairy products, including butter. Therefore, the proportion of marketings used in fluid products is expected to decline slightly.

*Cheer
Holiday*

BULLETIN

Administrators

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CASH RECEIPTS RISING

The Dairy Situation, Economic Research Service,
USDA, November, 1966

Cash receipts from farm marketings from milk and cream for all 50 States are expected to approximate \$5.6 billion in 1966, up around 10-11 percent from last year's record \$5.1 billion. With this gain, dairy cash receipts may be a slightly larger percentage of total cash receipts from all farm products than the 13.0 percent in 1965. Farm production expenses are expected to be higher this year than last, but net dairy receipts will exceed those of 1965.

For January-September 1966 cash receipts from dairy marketings totaled \$4.1 billion, about \$350 million more than a year earlier. The increase was due to a 10 percent increase in prices, as marketings for this period were down 3½ percent from a year earlier. Higher prices and larger marketings in October-December than a year earlier are expected to raise 1966 cash receipts further above the 1965 level.

Marketings of farm milk and cream likely will be about 116 billion pounds in 1966, down about 2 percent from the 119.1 billion in 1965. Average returns per 100 pounds of milk marketed from farms in all forms likely will be about \$4.85 compared with last year's \$4.27. Prospects for 1967 are for a further rise in average returns and a gain of around 1 percent in marketings from 1966 levels.

Market Quotations

NOVEMBER
1966

MINNESOTA - WISCONSIN PRICE SERIES	\$4.15
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.89
Average Price per lb. 92-score butter at Chicago	.6776
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1974

YEAR-END DAIRY STOCKS

(Continued from Front Page)

of nonfat dry milk — not used in computing milk equivalent of dairy stocks — likely will total less than the 154 million pounds at the end of 1965. However, manufacturers'

stocks are expected to be sharply up from last year's 58 million pounds. USDA stocks are expected to be small this year compared with the 96 million pounds at the end of 1965.



*The Market Administrator
and his Staff
Wish You A Happy
Holiday Season*

